

Utilities

MISSION STATEMENT

The goals of the County Government relating to utility consumption are to:

- achieve energy savings by the elimination of wasteful or inefficient operation of building systems;
- continue improvements in energy efficiency in all County operations; and
- obtain required energy fuels at the most favorable cost to the County.

BUDGET OVERVIEW

The FY06 recommended budget for the tax supported Utilities non-departmental account (NDA) is \$19,124,190, an increase of \$4,380,480 or 29.7 percent from the FY05 approved budget of \$14,743,710. Allocation of these utilities expenditures is as follows: electricity, 87.3 percent; natural gas, 8.1 percent; water and sewer, 4.2 percent; and fuel oil 0.4 percent. The total increase is due to unit rate cost increases, and from new or annualized facilities, streetlights, or traffic signals.

The FY06 recommended budget includes County government utilities expenditures for both tax and non-tax supported operations. Tax supported utilities expenditures related to the General Fund departments are budgeted in the Utilities NDA, while utilities expenditures related to special fund departments are budgeted in those funds. Some of these special funds, such as Recreation and portions of the Department of Public Works and Transportation, are tax supported. Other special funds, such as Solid Waste, are not supported by taxes, but through user fees or charges for services.

Utilities expenditures are also found in the budgets of other County agencies: Montgomery County Public Schools (MCPS), Montgomery College, the Washington Suburban Sanitary Commission (WSSC), and the Maryland-National Capital Park and Planning Commission (M-NCPPC). The total budget request for these "outside" agencies is \$53,946,130, which includes the entire bi-county area of WSSC.

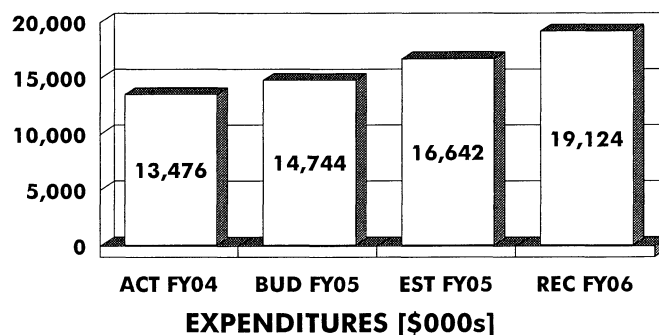
The FY06 recommended tax supported budget for Utilities Management, including both the General Fund NDA (\$19,124,190) and the other tax supported funds (\$1,604,080), is \$20,728,270, an increase of \$4,604,520 or approximately 28.6 percent from the FY05 approved utilities budget.

The FY06 recommended budget for non-tax supported utilities expenditures is \$3,356,390, an increase of \$972,070 or 40.8 percent from the FY05 approved budget. In both the tax and non-tax supported funds, increased utilities expenditures result primarily from higher commodity unit costs due to market price fluctuations; greater consumption due to new facilities or

Program Summary

	Expenditures	WYs
Utilities (for All General Fund Departments)	19,124,190	0.0
Totals	19,124,190	0.0

Trends



services; and in some cases, a more precise alignment of budgeted costs with actual prior-year expenditures by utility type. Energy conservation and cost-saving measures (e.g., new building design, lighting technology, energy and HVAC management systems) help offset increased utility consumption or unit costs.

The Executive is recommending no change to the County's Energy Tax rate structure this fiscal year. The County's Interagency Committee on Energy and Utility Management (ICEUM) is currently projecting a cost increase potential for Electricity (20.0%), Fuel Oil (65.1%), Natural Gas (26.5%), and Water and Sewer (3.0%). These projections reflect market anxiety concerning current world events on the commodities futures markets. Motor Fuels, consisting of Unleaded Gasoline, Diesel, and Compressed Natural Gas, are also expected to fluctuate upward based on current market trends. These fuels are purchased from various providers, and are budgeted in the DPWT Division of Fleet Management Services; not the General Fund Utilities NDA. ICEUM also monitors changes in energy costs in the current year and will recommend appropriate changes, if necessary, prior to final Council approval of the FY06 budget.

The following is a description of utility service requirements for departments which receive tax or non-tax supported appropriations for utilities expenditures. The utilities expenditures for the non-tax supported operations are appropriated within their respective operating funds but are described in the combined utilities presentation for reader convenience.

TAX SUPPORTED

Transportation

Division of Operations: Building Maintenance and Operation

The DPWT Building Maintenance and Operation section is responsible for managing all utilities for general County operations including all County office buildings, police stations, libraries, health and human services facilities, correctional facilities, maintenance buildings, and warehouses.

Division of Operations: Traffic Engineering

The DPWT Traffic Engineering section manages all County streetlights, traffic signals, traffic count stations, and flashing school signs. The utilities expenditures for these devices are budgeted here as this section designs, installs, controls, and maintains them. In addition, minimal utility costs for the Operations Center and Highway Maintenance Depots are budgeted in the Traffic Engineering component of the General Fund non-departmental account.

Division of Transit Services

The DPWT Division of Transit Services Mass Transit Facilities Fund supports all utilities associated with the Ride On transit centers and Park and Ride Lots.

Recreation

The Department of Recreation funds all utility costs for its recreational facilities located throughout the County, such as swimming pools, community recreation centers, and senior citizen centers.

Urban Districts

Urban District utilities are supported by Urban District Funds which are included in the operating budget for Regional Services Centers.

NON-TAX SUPPORTED

Fleet Management Services

The DPWT Division of Fleet Management Services utility expenditures are displayed in the Special Fund Agencies - Non-Tax Supported section, to reflect that Fleet Management Services expenditures are not appropriated directly but in the budgets of other departments.

The Division of Fleet Management Motor Pool Internal Service Fund supports all utilities associated with the vehicle maintenance garages in Rockville, Silver Spring, and Gaithersburg. Fuel for the County's fleet is also budgeted in that special fund, but these costs are not included in the utilities expenditures displayed in this section.

Parking Districts

The Parking Districts fund utility expenditures associated with the operation of all County-owned parking garages and parking lots.

Liquor Control

The Department of Liquor Control funds utility expenditures associated with the operation of the liquor warehouse, administrative offices, and the County-owned and contractor-operated retail liquor stores.

Solid Waste Services

Solid Waste Services funds utility expenditures associated with the operation of the County's Solid Waste Management System. Utilities expenditures associated with the operation of the Oaks Sanitary Landfill maintenance building, the County's Recycling Center, the Resource Recovery Facility, and most of the Solid Waste Transfer Station are currently the responsibility of the operators. Only the site office and maintenance depot costs continue to be budgeted as an identifiable utilities expenditure in the Solid Waste Disposal Fund.

Other Agencies

Utilities for MCPS, Montgomery College, (bi-county) WSSC, and M-NCPPC are displayed in the charts on the following pages. These are the amounts requested in the budgets of those

agencies.

PROGRAM CONTACTS

Contact Bryan Hunt of the Office of Management and Budget at 240.777.2770 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Utilities (for All General Fund Departments)

The Utilities non-departmental account provides the General Fund operating expense appropriation for the Department of Public Works and Transportation, Division of Operations. The utilities expenditures for other non-tax supported operations and other agencies are appropriated within their respective department or agency.

FY06 Recommended Changes

	Expenditures	WYs
FY05 Approved	14,743,710	0.0
FY06 CE Recommended	19,124,190	0.0

BUDGET SUMMARY

	Actual FY04	Budget FY05	Estimated FY05	Recommended FY06	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
County General Fund Personnel Costs	0	0	0	0	—
Operating Expenses	13,476,126	14,743,710	16,642,220	19,124,190	29.7%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	13,476,126	14,743,710	16,642,220	19,124,190	29.7%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—

FY06 RECOMMENDED CHANGES CROSSWALK

	Expenditures	WYs
COUNTY GENERAL FUND		
FY05 ORIGINAL APPROPRIATION	14,743,710	0.0
<u>Changes (with service impacts)</u>		
Add: New or annualized buildings or facilities	807,380	0.0
Add: New or annualized street lights and traffic signals	46,250	0.0
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: Unfunded electricity cost liability MCG (FY05 rates)	2,399,570	0.0
Increase Cost: Natural Gas	527,660	0.0
Increase Cost: Annualization of FY05 Operating Expenses	304,000	0.0
Increase Cost: Building or facilities electricity rates	171,550	0.0
Increase Cost: Traffic Engineering electricity rates	143,920	0.0
Increase Cost: Water and Sewage	64,060	0.0
Decrease Cost: Fuel oil	-4,660	0.0
Decrease Cost: Solid Waste System Benefit Charge Adjustment	-23,250	0.0
Decrease Cost: Energy conservation CIP projects	-56,000	0.0
FY06 RECOMMENDATION:	19,124,190	0.0

FUTURE FISCAL IMPACTS

Title	CE REC. FY06	FY07	FY08	(\$000's) FY09	FY10	FY11
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY06 Recommended	19,124	19,124	19,124	19,124	19,124	19,124
No inflation or compensation change is included in outyear projections.						
6th District Police Station	0	0	0	0	77	77
Operating budget impact for Energy						
Advanced Transportation Management System	0	4	9	14	19	19
Operating budget impact for Energy						
Animal Shelter	0	0	0	73	97	97
Operating budget impact for Energy						
Brookville Service Park	0	0	0	10	10	10
Operating budget impact for Energy						
Citadel Avenue Extended	0	1	1	1	1	1
Operating budget impact for Energy						
Darnestown Road at Shady Grove Road	0	1	1	1	1	1
Operating budget impact for Energy						

Title	CE REC.	(\$000's)				
	FY06	FY07	FY08	FY09	FY10	FY11
Detention Center Reuse	0	-18	-18	-18	-18	-18
Operating budget impact for Energy						
Energy Conservation: MCG	0	-50	-100	-150	-200	-200
Operating budget impact for Energy						
Fairland Road Improvement	0	0	0	5	5	5
Operating budget impact for Energy						
Gaithersburg Library Renovation	0	0	0	0	-9	-9
Operating budget impact for Energy						
Germantown Library	0	22	22	22	22	22
Operating budget impact for Energy						
Greencastle Road	0	4	4	4	4	4
Operating budget impact for Energy						
HVAC/Elec Replacement: MCG	0	-6	-12	-18	-26	-26
Operating budget impact for Energy						
Matthew Henson Trail	0	0	1	1	1	1
Operating budget impact for Energy						
Montrose Parkway West	0	0	0	0	12	12
Operating budget impact for Energy						
Multi-Agency Driver Training Facility	0	3	3	3	3	3
Operating budget impact for Energy						
Muncaster Road Improvements	0	0	0	0	0	0
Operating budget impact for Energy						
Nebel Street Extended	0	0	1	1	1	1
Operating budget impact for Energy						
Olney Library Renovation and Addition	0	0	0	15	32	32
Operating budget impact for Energy						
PSTA Academic Building Complex	0	0	0	0	61	61
Operating budget impact for Energy						
Public Facilities Roads	0	0	0	0	0	0
Operating budget impact for Energy						
Quince Orchard Road	0	0	4	4	4	4
Operating budget impact for Energy						
Redland Rd from Crabbs Branch Way to Needwood Rd	0	0	4	4	4	4
Operating budget impact for Energy						
Rockville Library	0	32	32	32	32	32
Operating budget impact for Energy						
Seven Locks Technical Center Phase II	0	0	43	44	45	45
Operating budget impact for Energy						
Silver Spring Civic Building	0	20	20	20	20	20
Operating budget impact for Energy						
Strathmore Hall Arts Center	0	279	254	216	191	191
Operating budget impact for Energy						
Streetlight Enhancements - CBD	0	8	16	24	32	32
Operating budget impact for Energy						
Streetlighting	0	21	42	63	84	84
Operating budget impact for Energy						
Stringtown Road Extended	0	0	10	10	10	10
Operating budget impact for Energy						
Traffic Signals	0	43	43	43	50	50
Operating budget impact for Energy						
Travilah Road	0	0	7	7	7	7
Operating budget impact for Energy						
Valley Park Drive	0	1	1	1	1	1
Operating budget impact for Energy						
Vehicle Recovery Facility	0	0	15	15	15	15
Operating budget impact for Energy						
Woodfield Road Extended	0	0	2	2	2	2
Operating budget impact for Energy						
Subtotal Expenditures	19,124	19,489	19,529	19,573	19,714	19,714

COUNTY UTILITIES EXPENDITURES

EXPENDITURES BY DEPARTMENT/AGENCY

	ACTUAL FY04	BUDGET FY05	ESTIMATED FY05	RECOMMENDED FY06	CHANGE BUD/APPR	% CHANGE BUD/APPR
COUNTY GOVERNMENT TAX SUPPORTED OPERATIONS						
NON-DEPARTMENTAL ACCOUNT						
DPWT: Facilities and Services	7,379,575	7,735,690	9,629,898	11,685,690	3,950,000	51.1%
DPWT: Traffic and Parking Services	6,096,551	7,008,020	7,012,320	7,438,500	430,480	6.1%
GENERAL FUND NDA EXPENDITURES	13,476,126	14,743,710	16,642,218	19,124,190	4,380,480	29.7%
OTHER TAX SUPPORTED OPERATIONS						
DPWT: Transit Services	43,017	23,200	23,200	32,500	9,300	40.1%
Recreation	1,187,251	1,345,940	1,367,680	1,568,530	222,590	16.5%
Urban Districts Funds	7,327	10,900	12,170	3,050	(7,850)	-72.0%
SUBTOTAL	1,237,595	1,380,040	1,403,050	1,604,080	224,040	16.2%
TOTAL TAX SUPPORTED	14,713,721	16,123,750	18,045,268	20,728,270	4,604,520	28.6%
COUNTY GOVERNMENT NON-TAX SUPPORTED OPERATIONS						
DPWT: Fleet Management Services	617,974	559,060	648,910	559,060	0	0.0%
DPWT: Parking Districts	1,066,008	1,216,120	1,446,100	1,732,210	516,090	42.4%
Liquor Control	479,312	507,160	641,530	900,160	393,000	77.5%
Solid Waste Services	84,020	101,980	118,220	164,960	62,980	61.8%
TOTAL NON-TAX SUPPORTED	2,247,314	2,384,320	2,854,760	3,356,390	972,070	40.8%
SUMMARY - COUNTY GOVERNMENT						
TOTAL TAX SUPPORTED	14,713,721	16,123,750	18,045,268	20,728,270	4,604,520	28.6%
TOTAL NON-TAX SUPPORTED	2,247,314	2,384,320	2,854,760	3,356,390	972,070	40.8%
TOTAL COUNTY GOVERNMENT	16,961,035	18,508,070	20,900,028	24,084,660	5,576,590	30.1%
OTHER AGENCIES TAX AND NON-TAX SUPPORTED OPERATIONS						
Montgomery County Public Schools	23,468,328	24,680,990	29,072,100	29,172,100	4,491,110	18.2%
Montgomery College	2,437,293	2,907,320	3,518,980	4,310,470	1,403,150	48.3%
Washington Suburban Sanitary Commission	11,846,218	14,982,000	14,601,970	17,338,000	2,356,000	15.7%
M-NCPPC	2,397,584	2,278,400	2,859,200	3,125,560	847,160	37.2%
TOTAL OTHER AGENCIES EXPENDITURES	40,149,423	44,848,710	50,052,250	53,946,130	9,097,420	20.3%
TOTAL UTILITIES EXPENDITURES	57,110,458	63,356,780	70,952,278	78,030,790	14,674,010	23.2%

COUNTY UTILITIES EXPENDITURES

EXPENDITURES BY ENERGY SOURCE

	ACTUAL FY04	BUDGET FY05	ESTIMATED FY05	RECOMMENDED FY06	CHANGE BUDGET/REC	% CHANGE BUDGET/REC
COUNTY GOVERNMENT TAX SUPPORTED OPERATIONS						
NON-DEPARTMENTAL ACCOUNT						
Electricity	11,646,344	12,887,830	14,421,551	16,681,250	3,793,420	29.4%
Water & Sewer	700,634	741,880	743,058	805,940	64,060	8.6%
Fuel Oil	85,424	85,180	89,021	80,520	(4,660)	-5.5%
Natural Gas	1,043,724	1,028,820	1,388,588	1,556,480	527,660	51.3%
Propane	0	0	0	0	0	
GENERAL FUND NDA EXPENDITURES	13,476,126	14,743,710	16,642,218	19,124,190	4,380,480	29.7%
OTHER TAX SUPPORTED OPERATIONS						
Electricity	702,762	784,010	868,000	1,008,050	224,040	28.6%
Water & Sewer	162,494	272,240	220,140	272,240	0	0.0%
Fuel Oil	0	19,930	10,000	19,930	0	0.0%
Natural Gas	372,339	303,860	304,910	303,860	0	0.0%
Propane	0	0	0	0	0	
SUBTOTAL	1,237,595	1,380,040	1,403,050	1,604,080	224,040	16.2%
TOTAL TAX SUPPORTED	14,713,721	16,123,750	18,045,268	20,728,270	4,604,520	28.6%
NON-TAX SUPPORTED OPERATIONS						
Electricity	1,654,339	1,840,540	2,256,740	2,785,080	944,540	51.3%
Water & Sewer	182,750	165,220	167,970	164,910	(310)	-0.2%
Fuel Oil	2,276	1,280	2,700	2,130	850	66.4%
Natural Gas	407,949	376,280	426,000	403,270	26,990	7.2%
Propane	0	1,000	1,350	1,000	0	0.0%
TOTAL NON-TAX SUPPORTED	2,247,314	2,384,320	2,854,760	3,356,390	972,070	40.8%
SUMMARY - COUNTY GOVERNMENT						
Electricity	14,003,445	15,512,380	17,546,291	20,474,380	4,962,000	32.0%
Water & Sewer	1,045,878	1,179,340	1,131,168	1,243,090	63,750	5.4%
Fuel Oil	87,700	106,390	101,721	102,580	(3,810)	-3.6%
Natural Gas	1,824,012	1,708,960	2,119,498	2,263,610	554,650	32.5%
Propane	0	1,000	1,350	1,000	0	0.0%
TOTAL COUNTY GOVERNMENT	16,961,035	18,508,070	20,900,028	24,084,660	5,576,590	30.1%
OUTSIDE AGENCIES TAX AND NON-TAX SUPPORTED OPERATIONS						
Electricity	29,290,185	33,716,100	37,140,678	40,588,890	6,872,790	20.4%
Water & Sewer	2,489,536	2,566,280	2,450,569	2,523,600	(42,680)	-1.7%
Fuel Oil	700,312	417,910	544,890	556,220	138,310	33.1%
Natural Gas	7,483,214	8,024,870	9,729,876	10,065,420	2,040,550	25.4%
Propane	186,176	123,550	186,237	212,000	88,450	71.6%
SUBTOTAL	40,149,423	44,848,710	50,052,250	53,946,130	9,097,420	20.3%
TOTAL UTILITIES EXPENDITURES						
Electricity	43,293,630	49,228,480	54,686,969	61,063,270	11,834,790	24.0%
Water & Sewer	3,535,414	3,745,620	3,581,737	3,766,690	21,070	0.6%
Fuel Oil	788,012	524,300	646,611	658,800	134,500	25.7%
Natural Gas	9,307,226	9,733,830	11,849,374	12,329,030	2,595,200	26.7%
Propane	186,176	124,550	187,587	213,000	88,450	71.0%
TOTAL UTILITIES EXPENDITURES	57,110,458	63,356,780	70,952,278	78,030,790	14,674,010	23.2%